

PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

FY-05-232

FOR IMMEDIATE RELEASE

JUNE 28, 2005

PSC ISSUES CONSUMER ALERT ON RISING NATURAL GAS PRICES: *Missourians urged to conserve use of natural gas to save money on their gas bills*

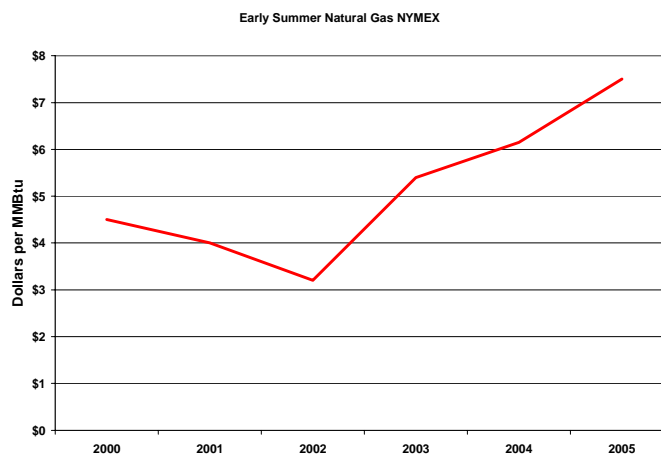
JEFFERSON CITY--Current natural gas market prices are at their highest mark ever for this time of year. This is of great concern to the Missouri Public Service Commission.

"With rising summer temperatures, more natural gas is being used than ever before to generate electricity to meet air conditioning demand," said PSC chairman Jeff Davis. "This is contributing to an ever increasing demand for natural gas. Consumers are urged to act now to make their homes more energy efficient to lessen the financial impact of higher natural gas prices," Davis said.

It is anticipated that natural gas prices will remain high and could get higher in the coming months further impacting customer bills. Approximately 65% to 80% of a customer's total natural gas bill reflects the actual cost of natural gas from wholesale suppliers. While natural gas storage levels are higher than average at this time, the price of this stored natural gas is relatively expensive.

The Missouri Public Service Commission does not have authority over the prices that wholesale suppliers charge local natural gas companies for natural gas. Those prices are determined in an open, competition-based market which reacts to supply, demand and the weather. The Commission **does have** the authority to thoroughly evaluate the natural gas purchasing practices of local natural gas companies to ensure their purchasing decisions are sound.

The chart below illustrates early summer natural gas market prices (NYMEX) since 2000.



Current market conditions could lead Missouri natural gas companies to file rate adjustments this summer to reflect increased wholesale supplier costs. Missouri Gas Energy

(more)

recently filed to increase its natural gas rates effective July 1. Earlier this month, Laclede Gas Company, the state's largest natural gas company under PSC authority, raised its rates to reflect projected cost increases from wholesale suppliers.

"We strongly encourage all customers to carefully evaluate and act on making their homes more energy efficient. Conservation not only helps on the energy bill, but if done in sufficient quantity, it may help to avoid or delay the need for expensive additional generating facilities," said Davis.

Things that can be done now to reduce energy usage in the summer can reduce energy bills this winter as well. Consumers are encouraged to consider various energy saving tips and programs including:

- Placing weather stripping around doors, use plastic film covering, and caulk windows to keep energy from escaping from the home.
- Placing an approved insulated cover-jacket around the hot water heater. Set the water heater temperature at 120 degrees.
- Add attic insulation if necessary. Without adequate home insulation, hot summer weather and cold winter weather can result in higher utility bills.
- Contacting your local utility company to see if you might be eligible for weatherization assistance.
- Having the air conditioning and furnace checked and tuned-up if needed. Replace filters each month when dirty.
- Consider contacting the local utility company to ask about budget billing, which spreads total energy costs over a 12-month period.
- Assess whether it is time to replace your air conditioning unit or furnace with a more efficient model.

As might be expected, an increasing percentage of customers are having a difficult time paying their higher utility bills. Consumers are encouraged to consider using the check-off box on their utility bill which provides monetary assistance to those in need in keeping their service on.